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BAUCUS-HATCH BILL EXTENDS KEY TRADE PREFERENCE PROGRAM TO SUPPORT U.S. MANUFACTURING

Legislation Extends Generalized System of Preferences for More than Two Years

WASHINGTON – Senate Finance Committee Chairman Max Baucus (D-Mont.) and Ranking Member Orrin Hatch (R-Utah) introduced <u>legislation</u> late yesterday extending the Generalized System of Preferences (GSP), a key program that supports international trade and lowers costs for U.S. manufacturers and retailers by granting duty-free access to many products they import from developing countries.

"The Generalized System of Preferences is an important part of our trade agenda that helps build positive relationships with developing countries and fight poverty. This bill will also provide certainty to manufacturers across the U.S. who depend on duty-free imports to help them create jobs," Senator Baucus said. "Countries that participate in the GSP program will have to abide by our strict standards, and I'm ready to work with the administration to make sure they do. I hope we can move this bill through Congress quickly and get it signed into law so that U.S. manufacturers can continue to receive these important benefits."

"GSP is good for the American economy, helping domestic companies save millions of dollars in tariffs and supporting much-needed job creation throughout the nation. At the same time, GSP helps developing countries around the world reduce poverty through trade," said Hatch. "I will continue to closely monitor the Administration's implementation of the program as well as the trade practices of the beneficiary countries to make sure they meet the statutory eligibility criteria. But, given the sluggish state of economic growth in this country, we should not allow this program to expire. That is why I'm committed to working with Chairman Baucus and my colleagues in Congress to ensure our legislation is swiftly enacted into law."

GSP is the oldest and broadest U.S. preference program. It provides duty-free access to the U.S. market for 3,500 products from nearly 130 developing countries and access for nearly 1,500 additional products from "least-developed" countries. In 2012, U.S. businesses imported nearly \$20 billion worth of products duty-free under GSP, including many used in U.S. manufacturing. The GSP program is set to expire on July 31, 2013. The bill introduced today extends GSP through September 30, 2015.

A companion bill was introduced in the House of Representatives on Wednesday.

The legislation will be of no cost to America's taxpayers. It is fully offset by provisions extending the merchandise processing fee until January 22, 2022 and the Consolidated Omnibus Budget Reconciliation Act (COBRA) fee until January 29, 2022. It also increases the amount of the required installment of

estimated tax due in 2019 for certain corporations and reduces the amount due in following periods by the corresponding amount.

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